



## **Expenditure Guidelines**

(rev. 26 April, 2011)

Sound fiscal deployment of the GEAR UP Iowa program begins with understanding what expenses are allowed using GEAR UP Iowa Federal funds. Allowable costs are expenses specifically permitted (or not prohibited) by the laws, regulations, principles and standards issued by the United States Department of Education, State of Iowa, GEAR UP Iowa and other authoritative sources. Unallowable costs are expenditures that are prohibited using Federal dollars or with dollars identified to satisfy GEAR UP Iowa match requirements. GEAR UP Iowa, State of Iowa, and Federal standards are often extremely clear on what is permitted or prohibited. However, in certain cases a clear determination of whether an expense is allowable can be more difficult to attain.

All GEAR UP Iowa expenditures must be approved in advance and must be in accordance with an approved GEAR UP Iowa Implementation Plan. GEAR UP Iowa expenditures must also correspond directly to a GEAR UP Iowa activity or service. In general, and according to OMB Circular A-87, to be allowable under Federal awards GEAR UP Iowa expenditures must meet the following general criteria:

- Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- Be allocable to Federal awards under the provisions of the above referenced Circular.
- Be authorized or not prohibited under State or local laws or regulations.
- Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
- Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated the Federal award as an indirect cost.
- Except as otherwise provided for in the above referenced Circular, be determined in accordance with generally accepted accounting principles.
- Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
- Be the net of all applicable credits.
- Be adequately documented.

Interpretation of a cost being allowable under the general guidelines listed above is not a guarantee that an expense is allowable. Allowable expenditures must relate directly to an approved GEAR UP Iowa Implementation Plan and must be approved in advance by the GEAR UP Iowa Project Coordinator.

The GEAR UP Iowa Project Coordinator in collaboration with the Project Director and Federal Program Officer will make determinations regarding the status of specific expenses as allowable GEAR UP Iowa expenditures. If an expense is determined to be an unallowable GEAR UP Iowa expenditure but is paid with non-GEAR UP Iowa Federal dollars (such as school district funds), the expense is also not suitable to satisfy GEAR UP Iowa matching contribution requirements.

The following expenditures commonly submitted during the first three years of GEAR UP Iowa implementation are listed to provide granularity in determining whether or not an expense is generally allowable. These examples have been the subject of frequent questions or discussions about their permissibility. General expenditure categories listed below are derived from the cost principles outlined in OMB Circular A-87.

### **Non-GEAR UP Purchases – Unallowable**

Purchases with GEAR UP Iowa funds must be only for activities and services that benefit the GEAR UP Iowa cohort. If districts purchase items, equipment, services, etc. for students in addition to the GEAR UP Iowa cohort, or for entire school use, districts must pay the percentage of costs related to the use of students NOT in the GEAR UP Iowa cohort.

### **Incentive and Reward Purchases – Generally Allowable, with exceptions**

Incentive expenditures must be individually approved by the GEAR UP Iowa Project Coordinator. In-kind contributions from GEAR UP Iowa partners are the source of choice when it comes to incentive and reward items. As a last resort, minimal expenditure of GEAR UP Iowa funds may be approved for incentive and reward items only after the Project Coordinator receives documentation that the incentive or reward items DO NOT have a cash value. Incentive / reward totals must be indicated in an approved implementation plan and budget and relate directly to a specific GEAR UP activity or service.

### **Food Purchases – Generally Unallowable, with exceptions**

GEAR UP Iowa recognizes the importance of providing food as an incentive for student and parent activities. Generally food and refreshments are not allowable direct costs, unless they are provided in conjunction with allowable meetings and conferences, whose primary purpose is the dissemination of technical information. GEAR UP Iowa staff recommend working with community business partners to have food donated or share the cost for events. In cases where food donation is unattainable, food may be purchased according to State of Iowa guidelines for meal purchases if prior approval is obtained from the Federal Program Officer and GEAR UP Iowa Project Coordinator.

- Refreshments
  - The meeting or training session has a published agenda and attendance is mandatory (for GU staff, teachers, administrators, counselors) or technical GEAR UP Iowa information is being transferred (for parents / guardians / students).
  - The meeting or training session has an intended duration of three (2) hours or more;
  - There are five (5) or more attendees; and
  - The total per attendee cost of the refreshments, per refreshment break, will not exceed \$5.00, which is the allowable partial day per diem amount established for breakfasts according to State of Iowa maximum “in-state” reimbursable meal rates.
- Meals
  - The meeting or training session has a published agenda and attendance is mandatory (for GU staff, teachers, administrators, counselors) or technical GEAR UP Iowa information is being transferred (for parents / guardians / students);
  - Location or scheduling conflicts do not lend themselves to a meal recess;
  - The meeting’s business is furthered by speeches, presentations or interpersonal exchange that would not normally occur on a daily basis;
  - There are five (5) or more attendees; and
  - The per attendee cost of the meal does not exceed the allowable partial day per diem reimbursement, pursuant to the below State of Iowa reimbursable meal rates and/or the allowable rate set forth by GEAR UP Iowa’s Federal Program Officer:
    - Breakfast - \$5.00
    - Lunch / Dinner - \$8.00

### **Meetings and Conferences - Allowable**

Costs of meetings and conferences, the primary purpose of which is the dissemination of technical information, are allowable. This includes costs of meals, transportation, rental of facilities, speakers’ fees, and other items incidental to such meetings or conferences. Be aware of restrictions pertaining to entertainment costs.

**Travel - Allowable**

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of GEAR UP Iowa. Travel costs also may be incurred in relation to events for students, parents or professionals participating in programs authorized by the GEAR UP Iowa or Federal GEAR UP statute. All travel related to the GEAR UP Iowa program should follow the policies and procedures specified by each school district and/or the policies and procedures set by the State of Iowa as appropriate.

**Student activity costs - Generally unallowable, with exceptions**

Costs incurred for intramural activities, student publications, student clubs, and other student activities, are unallowable, unless specifically provided for in the grant agreement.

**Entertainment costs: Unallowable**

Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable. Clearly distinguish unallowable expenses from similarly worded and allowable student activities, meetings and conferences that are part of an approved GEAR UP Iowa Implementation Plan.

**Supplies - Allowable**

Approved costs incurred for supplies to carry out your program plan are allowable if they are part of an approved GEAR UP Iowa Implementation Plan.

**Equipment - Allowable**

Equipment means an article of nonexpendable, tangible personal property having a useful life of more than one year.

**Compensation (Salaries, Wages & Fringe Benefits) - Allowable**

Personnel costs such as salaries, wages and fringe benefits are allowable to the extent that the total compensation to individual employees conforms to the established policies of the institution, is consistently applied, and provided that the charges are for work performed directly on sponsored agreements. Fringe benefit costs should be in line with institutional policies regarding: annual leave, sick leave, military leave, and employer contributions or expenses for social security, employee insurance, workmen's compensation insurance, tuition or remission of tuition for individual employees.

**Consultants & Contracts - Allowable**

EDGAR states that costs associated with consultants are allowable if there is a need in the project for the services and the grantee cannot meet that need by using an employee rather than a consultant.

**Communication costs - Allowable**

Costs incurred for telephone services, local and long distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services and the like are allowable if they are not included or captured as indirect costs.

**Providing donations and contributions - Unallowable**

Contributions or donations (including cash, property, and services) made by the governmental unit or education institution regardless of the recipient, are unallowable Federal costs. This should be distinguished from the match. GEAR UP Iowa may receive donations, contributions, or services under the GEAR UP Iowa match guidelines.

**Memberships, subscriptions and professional activity costs - Allowable, with exceptions**

Costs associated with memberships in business, technical, and professional organizations are allowable. In addition, subscriptions to business, professional, and technical periodicals are allowable.

**Publications and printing: Allowable**

Publication costs - including the costs of printing, distribution, promotion, mailing, and general handling - are allowable Federal costs if they are allocable to project objectives.

**Rental cost of buildings and equipment: Generally Allowable**

In-kind contributions from GEAR UP Iowa partners are the source of choice when it comes to rental cost of buildings and equipment. With stipulations, rental costs are allowable to the extent that the rates are reasonable in light of such factors as: (1) rental costs of comparable property, if any; (2) market conditions in the area; (3) alternatives available; and, (4) the type, life expectancy, condition, and value of the property leased. Rental arrangements should be reviewed periodically to determine if circumstances have changed and other options are available.